



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 12/1/2006

GAIN Report Number: CS6014

Costa Rica

Citrus

Annual Report

2006

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Report Highlights:

Costa Rica's 2006/2007 orange crop is forecast at 8.5 million boxes and 42.5 million pounds of solids. Better prices for orange juice concentrate are expected to result in higher area planted to oranges both in Costa Rica and in Nicaragua, near the border between the two countries.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
San Jose [CS1]
[CS]

COSTA RICA: ORANGE JUICE PRODUCTION AND TRADE

Costa Rica's orange production is concentrated in the northern part of Alajuela province, around Los Chiles, Guatuso and Upala, and in the northern part of Guanacaste, near the border with Nicaragua. Two companies, Ticofrut and Del Oro, are the main players in the production and processing of oranges. However, these two companies compete for the production of smaller independent producers. Production of oranges is increasing in Nicaragua, near the border with Costa Rica. The oranges from these plantations are trucked to Costa Rica for processing. Industry estimates put area planted to oranges at around 20,000 ha., and 4.7 million trees, including area planted on the Nicaraguan side of the border. Area planted is expected to increase by approximately 2,000 ha. in Costa Rica and Nicaragua next year, although it is not clear where most of the new areas will be planted. According to producers, production conditions, both in terms of climate and soils are very favorable on the Nicaraguan side. The higher international price for orange juice concentrate is providing an incentive for both companies and individuals to plant additional groves.

Orange production is expected to reach 8.5 million boxes of 40.824 kgs or 42.5 million pounds of solids in 2006/2007, including production from the Nicaraguan areas that produce for processing in Costa Rica. Production of oranges is expected to increase by about two million boxes as compared to 2005/2006 as a result of a combination of trees entering production as well as better yields. Weather conditions were less humid this year in the production areas, a factor that is expected to result in better yields. However, the actual production level will depend on the continuation of favorable weather in the region since production is harvested between January and May.

Costa Rica exports the majority of its orange production as frozen orange juice concentrate. According to information from the Costa Rican Trade Promotion Board (PROCOMER), the total value of orange juice exported in different presentations reached \$35.8 million in 2005, down from \$40.9 million in 2004. Export volume declined as well to 37,782 MT in 2005 from 42,094 MT in 2004. Of the total volume exported in 2005, 19,197 MT were frozen orange juice concentrate and 14,150 MT were NFC juice. Exports of "other" orange juice amounted to 4,435 MT.

The United States was Costa Rica's main destination for orange juice exports in its different forms in 2005. Total exports to the United States reached 18,170 MT, followed by exports to the Netherlands of 16,397 MT. Other export markets included Spain, Puerto Rico, Germany and Panama.

The lower production of oranges in Florida and the resulting higher price per pound of solids, have prompted local producers to expand area planted or to replant trees in their groves. Also, Costa Rican orange juice enters the United States duty free under the Caribbean Basin Initiative (CBI). This duty rate would become permanent if Costa Rica approves the CAFTA – DR.